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NEVA MAKGETLA: Risk-management techniques can help plot lockdown exit

The core challenge SA faces is how best to manage the risk of contagion

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A health worker wearing personal protective gear takes a mouth swab for Covid-19 in Lenasia, south of Johannesburg. PHOTOGRAPH ALON SKUY

Too often, reopening the economy after the lockdown is presented as a trade off between economic prosperity and deaths. That is misleading. Experience in Italy, Sweden and the US demonstrates that efforts to maintain production will not succeed if they result in overwhelmed communities and hospitals.

Instead of cost-benefit analyses, we need risk-management techniques. In this frame, the core challenge is how best to manage the risk of contagion. Lockdowns work by eliminating human interactions on a national scale. The question is whether SA can design and implement equally successful measures that impose less economic and human pain.

The standard pillars of risk management are improving information to limit the scope of uncertainty; monitoring developments and taking decisive action early on, before costs accelerate; and clarity about the desired outcomes, which determines the criteria for choosing risk-mitigation strategies.

The biggest unknown about Covid-19 is how far it has spread. If contagion is widespread it becomes far more dangerous to open up activities beyond the

essentials. But where cases are confined to defined locations — households, communities, even regions — they may be isolated without locking down the whole country.

SA has now initiated large-scale screening and contact tracing. That approach enabled South Korea, Singapore and China to limit isolation and lockdowns to relatively small regions. (Hubei is about the same size as SA, but accounts for only 4% of China's population.)

In contrast, in the US and much of Europe, the authorities did not prioritise screening until the virus was already widespread. At least in part, they delayed in an effort to avoid the substantial administrative and fiscal burdens. Ultimately, however, delays in mass screening let the infection spread unseen, leading to more cases, more deaths, and the much higher economic burden of national lockdowns. Essentially, it both raised the overall costs of managing Covid-19 risks and largely externalised them onto households and businesses.

Screening can't catch every case, raising the importance of early-warning systems that trigger effective action — a second core element of risk management. Public health authorities need to have information on all new cases and the ability to trace and quarantine their contacts. Even after the national lockdown, they may have to shut down workplaces, communities or even municipalities. Again, these measures require public support, political will and abundant resourcing.

Finally, managing risk requires realistic and well-defined objectives. SA faces a devastating paradox. On the one hand, it is particularly risky to reopen non-essential services and retail, though in December 2019 these activities contributed almost two-thirds of all jobs. On the other hand, neither public health measures nor economic recovery will be sustainable if working-class communities continue to face unbearable costs. By extension, over the next few months, recovery efforts must prioritise both protecting poor communities and restoring production in SA's most competitive goods industries.

The top prize would be revived output in the mining and auto value chains; sustaining the food value chain; and expanding the supply of goods for health care. Returning any business to production would require that they restructure their workplaces and workers' transport to minimise infection. In contrast, non-essential retail and services may be constrained for months, with limited physical access for customers offset only in part by digital products and, with appropriate precautions, expanded home delivery.

This path to economic recovery will not restore many, possibly even most, jobs for many months. The government must act more decisively and on a far larger scale to address the resulting hardship. The immediate challenge is to increase social grants, to unblock Unemployment Insurance Fund money, and expand resourcing for community groups. Financing these programmes will mean tapping into social protection and retirement funds as well as rethinking budget targets.

In addition, a new solidarity tax on the wealthy would support a more just allocation of the costs of managing the Covid-19 risks.

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